GOVERNMENT OF INDIA
COMMERCE AND INDUSTRY
LOK SABHA

UNSTARRED QUESTION NO:1919
ANSWERED ON:03.08.2001
EXPANSION OF DIAMOND PROCESSING INDUSTRY
MANSINH PATEL

Will the Minister of COMMERCE AND INDUSTRY be pleased to state:

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(a) whether the Government have a proposal to expand country`s diamond processing industry; (

(b) if so, the programme drawn up in this regard; (

(c) whether Russia is likely to assist India in the expansion of diamond processing industry; and (

(d) if so, the details of the joint ventures established in this regard?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE AND INDUSTRY (SHRI DIGVIJAY SINGH)

(a) & (b) : The Indian diamond processing industry is highly dependent on imports of rough diamonds and most of its production is sold through exports. As of now, there is some shortage in the supply of rough diamonds of the sizes in which the Indian diamond processing industry has established expertise and also has comparative advantage. There is some downturn in the global market of cut and polished diamonds and as such it may not be opportune time for taking up expansion of the diamond processing industry, though diversification by the existing diamond processing industries into diamond studded jewellery manufacturing may be highly desirable. However, the Exim Policy initiatives such as provision for the establishment of private/public bonded warehouses, the Diamond Dollar Account Scheme, permission for personal carriage of import and export parcels and the scheme of allowing export and subsequent re-import of cut and polished diamonds for certification by international agencies, etc. are directed towards facilitating growth in the export of cut and polished diamonds. Besides the Government, the Gem and Jewellery Export Promotion Council, a representative autonomous body of the trade sponsored by the Ministry of Commerce & Industry, have undertaken and have proposed to undertake several actions in the short/medium term, some of which are given below:

- Have got prepared a medium-term export strategy.

- Exploring the possibilities of direct procurement of rough diamonds from the diamond mining countries.

- Have provided funds under the Critical Infrastructure Balancing Scheme to Sardar Vallabhbhai Patel Centre of Jewellery Design and Manufacture under the auspices of Indian Diamond Institute at Surat to give a fillip to the Jewellery design and manufacturing.

- Explore and identify new markets by undertaking market study through expert consultants and by deputing Indian designers to various international trade fairs and exhibitions for on the spot study for latest trends in designs.

- Newer markets in the Latin American Countries are also being closely examined for evolving a strategy for promotion of gems and jewellery exports from India.

(c) : During the visit of the President of the Russian Federation to India in October 2000, a Protocol of Intentions was signed between Ministry of Commerce & Industry, Government of India and Ministry of Finance, Russian Federation for co-operation in the trade of diamonds and precious metals. To operationalise the arrangements under the above Protocol, an agreement was later on got concluded with M/s. Gokhran (State Depository of Precious Commodities) Ministry of Finance, Government of Russia as per which they have to directly export rough diamonds valued at US $ 4,468,894.42 to India. The supply of diamonds from Russia under the above agreement is, however, yet to materialise.

(d) : No joint venture in the field of diamond cutting and polishing industry has yet been set up between India and Russia.